

**State:** District of Columbia **Filing Company:** The Mega Life and Health Insurance Company  
**TOI/Sub-TOI:** H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group  
**Product Name:** DC MEGA AG Situs (VA/WI Only)  
**Project Name/Number:** /

## Filing at a Glance

Company: The Mega Life and Health Insurance Company  
 Product Name: DC MEGA AG Situs (VA/WI Only)  
 State: District of Columbia  
 TOI: H15G Group Health - Hospital/Surgical/Medical Expense  
 Sub-TOI: H15G.001 Any Size Group  
 Filing Type: Rate  
 Date Submitted: 04/16/2014  
 SERFF Tr Num: MGCA-129497791  
 SERFF Status: Closed-FILED FOR INFORMATION  
 State Tr Num:  
 State Status:  
 Co Tr Num: DC MEGA AG SITUS 201407 DC MEGA 16099  
 Implementation: 06/01/2014  
 Date Requested:  
 Author(s): Chanel Rodriguez, Sommay Khounlo  
 Reviewer(s): Darniece Shirley (primary), Alula Selassie, John Morgan  
 Disposition Date: 04/28/2014  
 Disposition Status: FILED FOR INFORMATION  
 Implementation Date: 06/01/2014

State Filing Description:

**State:** District of Columbia **Filing Company:** The Mega Life and Health Insurance Company  
**TOI/Sub-TOI:** H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group  
**Product Name:** DC MEGA AG Situs (VA/WI Only)  
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## General Information

Project Name: Status of Filing in Domicile: Pending  
Project Number: Date Approved in Domicile:  
Requested Filing Mode: Informational Domicile Status Comments: Our state of domicile is Oklahoma.  
Explanation for Combination/Other: Market Type: Individual  
Submission Type: New Submission Individual Market Type: Non Employer Group - Individual  
Overall Rate Impact: Filing Status Changed: 04/28/2014  
State Status Changed:  
Deemer Date: Created By: Chanel Rodriguez  
Submitted By: Sommay Khounlo Corresponding Filing Tracking Number:  
PPACA: Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

### Filing Description:

We are filing rate changes for your information to our Grandfathered association group health benefit plans. The rate change will be effective for Grandfathered members on 6/1/2014; or 7/1/2014 in the states that requires 45 to 60 days member notice. This is for VA and WI only.

## Company and Contact

### Filing Contact Information

Chanel Rodriguez, chanel.rodriguez@healthmarkets.com  
9151 Boulevard 26 817-255-6427 [Phone]  
North Richland Hills, TX 76180

### Filing Company Information

The Mega Life and Health Insurance Company	CoCode: 97055	State of Domicile: Oklahoma
9151 Boulevard 26	Group Code: 264	Company Type:
North Richland Hills, TX 76180	Group Name:	State ID Number:
(817) 255-3100 ext. [Phone]	FEIN Number: 59-2213662	

## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	The Mega Life and Health Insurance Company
<b>TOI/Sub-TOI:</b>	H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group		
<b>Product Name:</b>	DC MEGA AG Situs (VA/WI Only)		
<b>Project Name/Number:</b>	/		

## Rate Information

Rate data applies to filing.

**Filing Method:**

**Rate Change Type:** %

**Overall Percentage of Last Rate Revision:** %

**Effective Date of Last Rate Revision:**

**Filing Method of Last Filing:**

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Mega Life and Health Insurance Company	Increase	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Rate Review Detail

### COMPANY:

Company Name: The Mega Life and Health Insurance Company  
HHS Issuer Id: 62125

### PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
N/A-This is a situs informational filing.			1

Trend Factors:

### FORMS:

New Policy Forms:

Affected Forms: N/A

Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Other  
Member Months: 0  
Benefit Change: None  
Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

### PRIOR RATE:

Total Earned Premium: 0.00  
Total Incurred Claims: 0.00  
Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

### REQUESTED RATE:

Projected Earned Premium: 0.00  
Projected Incurred Claims: 0.00  
Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	The Mega Life and Health Insurance Company
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<b>Product Name:</b>	DC MEGA AG Situs (VA/WI Only)		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC MEGA AG Situs Cover LetterVA_WI only.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	DC MEGA AG Situs Act MemoVA_WI only.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Justification
<b>Bypass Reason:</b>	N/A-This is not a new form filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

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<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	N/A-This is for Grandfathered only.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	N/A-This is for Grandfathered only.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Supporting Documents
<b>Comments:</b>	
<b>Attachment(s):</b>	DC MEGA AG Situs NAIC Transmittal.pdf VA MEGA Rate Increase Development Exhibit.pdf WI MEGA Rate Increase Development Exhibit.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

April 10, 2014

Government of District of Columbia Department of Insurance  
Securities and Banking  
Actuarial Analysis Division  
810 First Street NE, Suite 701  
Washington, D.C. 20002

**RE: The MEGA Life and Health Insurance Company (MEGA)**  
Company NAIC # 264-97055  
Company FEIN # 59-2213662  
**Rate Filing for Grandfathered Association Group Plans (Non Small Employer)**

Dear Sir or Madam:

The MEGA Life and Health Insurance Company respectfully submits rates for your information for our Grandfathered association group health benefit plans. These plans were individually underwritten for residents in the following states: VA and WI. When qualified, the applicant was issued a Certificate of Coverage under an association group master policy that is issued in the District of Columbia. At this time, MEGA has ceased all new sales under the filed association group health benefit plans. However, at this time, MEGA does intend to continue renewing and administering these inforce blocks of business.

The rate action for the ACE rider is based on nationwide experience due to its low claim frequency resulting in significant credibility concerns. Please refer to the Rate Increase Development Exhibits for more details.

Thank you for your review of this rate filing. If you have any questions or need additional information, please feel free to contact me at any time.

Sincerely,



Robert W. Darnell, ASA, MAAA  
Phone: (817) 255-3126  
Fax: (817) 255-8274  
Email: Bob.Darnell@Hmkts.com

# The MEGA Life and Health Insurance Company

Administrative Offices: 9151 Boulevard 26, North Richland Hills, TX 76180

## Actuarial Memorandum for Health Plan Rate Filing Grandfathered Association Group Health Plans (Non Small Employer)

### Purpose

To inform of rate changes on health benefit plan forms.

### Scope and Reason

We are filing rate changes for your information to our Grandfathered (GF) association group health benefit plans. These plans were individually underwritten for residents in the following states: VA and WI. The rate change will be effective for Grandfathered members on 6/1/2014; or 7/1/2014 in the states that requires 45 to 60 days member notice. MEGA is not issuing any new health benefit plans under the affected forms at this time. Advance notification of this rate change will be provided to certificate holders subject to the number of days required by the state.

We are requesting the following rate increases:

State	GF or Non-GF	Product Type	Rate Increase
VA	GF	Accumulated Covered Expense Rider	45.00%
WI	GF	Accumulated Covered Expense Rider	45.00%

The product types are defined as following: (1) Basic hospital, surgical, medical expense incurred plans that have numerous internal benefit limits and catastrophic expense rider which attach to these plans ("Scheduled Plans"), (2) Preferred provider/catastrophic expense plans ("Non-Scheduled Plans"), (3) Riders that attach to the Scheduled and/or the Non-Scheduled plans and provide for additional benefits with the exception of the accumulated covered expense rider ("Riders"), and (4) the accumulated covered expense rider ("ACE"). Please note that the ACE rider is an optional benefit available on many of the Scheduled Plans and is a small component of the total certificate premium.

The rate action for the ACE rider is based on nationwide experience due to its low claim frequency resulting in significant credibility concerns. Please refer to the Rate Increase Development Exhibits for more details.

A rate change amount is determined after credibility adjustment and based on our target loss ratio of 80%, adjusted downward on a state-by-state basis for applicable credibility, taxes, fees, and assessments.

### Statement of Reliance

I have relied upon our IT Department for production of data and its quality. I have relied on Ben Coneway, FSA, MAAA for portions of this filing. I have not audited or verified the data, but I have reviewed some of the data for consistency and reasonableness.

### Actuarial Certification

In my opinion, the proposed premium-rate increases in this filing are actuarially sound in aggregate for the applicable market segment, based on no further changes in required benefits, any fees or assessments, or the federal-income-tax status of the company. To the best of my knowledge and judgment, the entire filing is in compliance with the applicable laws of the state of Tennessee and with the rules of the Tennessee Department of Commerce and Insurance, and all applicable Actuarial Standards of Practice.

I, Robert W. Darnell, ASA, MAAA, am an employee of The MEGA Life and Health Insurance Company. I am a member of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Certified by:



Date:

4/10/2014

Robert W. Darnell, ASA, MAAA



Effective March 1, 2007


**Life, Accident & Health, Annuity, Credit Transmittal Document**

1.	Prepared for the State of	District of Columbia					
2.	Department Use Only						
	State Tracking ID						
3.	Insurer Name & Address	Domicile	Insurer License Type	NAIC Group #	NAIC #	FEIN #	State #
	The MEGA Life and Health Insurance Company 9151 Boulevard 26, N Richland Hills, TX 76180	Oklahoma		264	97055	59-2213662	
4.	Contact Name & Address	Telephone #	Fax #	E-mail Address			
	Chanél Rodriguez 9151 Boulevard 26, N Richland Hills, TX 76180	(817) 255-6427	(817)255-8274	NRHAct-Comp@Hmkt.com			
5.	Requested Filing Mode	<input type="checkbox"/> Review & Approval <input type="checkbox"/> File & Use <input checked="" type="checkbox"/> Informational <input type="checkbox"/> Combination (please explain): _____ <input type="checkbox"/> Other (please explain): _____					
6.	Company Tracking Number	DC MEGA AG Situs 201407 DC MEGA 16099					
7.	<input checked="" type="checkbox"/> New Submission	<input type="checkbox"/> Resubmission	Previous File # _____				
8.	Market	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Franchise <div>Group</div> <div><input type="checkbox"/> Small    <input type="checkbox"/> Large    <input type="checkbox"/> Small and Large <input type="checkbox"/> Employer    <input checked="" type="checkbox"/> Association    <input type="checkbox"/> Blanket <input type="checkbox"/> Discretionary    <input type="checkbox"/> Trust <input type="checkbox"/> Other: _____</div>					
9.	Type of Insurance	H15G - Group Health - Hospital/Surgical/Medical Expense					
10.	Product Coding Matrix Filing Code	H15G.001 - Any Size Group					
11.	Submitted Documents	<div><input type="checkbox"/> <b>Forms</b> <input type="checkbox"/> Policy    <input type="checkbox"/> Outline of Coverage    <input type="checkbox"/> Certificate <input type="checkbox"/> Application/Enrollment    <input type="checkbox"/> Rider/Endorsement    <input type="checkbox"/> Advertising <input type="checkbox"/> Schedule of Benefits    <input type="checkbox"/> Other: _____</div> <div><input checked="" type="checkbox"/> <b>Rates</b> <input type="checkbox"/> New Rate    <input checked="" type="checkbox"/> Revised Rate</div> <div><input type="checkbox"/> <b>FILING OTHER THAN FORM OR RATE:</b> Please explain: _____</div> <div><b>SUPPORTING DOCUMENTATION</b> <div><input type="checkbox"/> Articles of Incorporation    <input type="checkbox"/> Third Party Authorization <input type="checkbox"/> Association Bylaws    <input type="checkbox"/> Trust Agreements <input type="checkbox"/> Statement of Variability    <input type="checkbox"/> Certifications <input checked="" type="checkbox"/> Actuarial Memorandum <input type="checkbox"/> Other: _____</div></div>					

Effective March 1, 2007

12.	<b>Filing Submission Date</b>	4/4/2014
13.	<b>Filing Fee (If required)</b>	Amount _____ Retaliatory <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Check Date _____ Check Number _____
14.	<b>Date of Domiciliary Approval</b>	

15.	<b>Filing Description:</b>
	<p>We are filing rate changes for your information to our Grandfathered association group health benefit plans. The rate change will be effective for Grandfathered members on 6/1/2014; or 7/1/2014 in the states that requires 45 to 60 days member notice.</p>

16.	<b>Certification (If required)</b>
<p><b>I HEREBY CERTIFY</b> that I have reviewed the applicable filing requirements for this filing, and complies with all applicable statutory and regulatory provisions for the state of _____ District of Columbia.</p> <p>Print Name <u>Robert W. Darnell, ASA, MAAA</u> Title <u>Pricing Actuary</u></p> <p>Signature <u></u> Date <u>4/4/2014</u></p>	

Effective March 1, 2007

<b>17.</b>	<b>Form Filing Attachment</b>
<b>This filing transmittal is part of company tracking number</b>	DC MEGA AG Situs 201407 DC MEGA 16099
<b>This filing corresponds to rate filing company tracking number</b>	

	<b>Document Name Description</b>	<b>Form Number</b>		<b>Replaced Form Number Previous State Filing Number</b>
01			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
02			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
03			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	

LH FFA-1

Effective March 1, 2007

18.		Rate Filing Attachment		
This filing transmittal is part of company tracking number		DC MEGA AG Situs 201407 DC MEGA 16099		
This filing corresponds to form filing company tracking number				
Overall percentage rate indication (when applicable)				
Overall percentage rate impact for this filing				
	Document Name Description	Affected Form Numbers		Previous State Filing Number
01		DC MEGA AG Situs	<input type="checkbox"/> New <input checked="" type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
02			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
03			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
04			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
05			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
06			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
07			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
08			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
09			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	
10			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ____ % - ____ % <input type="checkbox"/> Other ____	

LH RFA-1

## Development of Rate Adjustment Based on Trend, Experience and MLR

Virginia - MEGA

			Calculation	ACCUMULATED COVERED EXPENSE RIDER - NATIONWIDE
<b>2013 Projection</b>	(1)	Earned Premiums		6,398,865
data through August	(2)	Incurred Claims		7,513,026
	(3)	Loss Ratio	= (2) / (1)	117.41%
<b>2014 Projection</b>	(4)	Earned Premiums		4,751,344
absent Rate Adjustment	(5)	Incurred Claims		6,694,459
	(6)	Loss Ratio	= (5) / (4)	140.90%
<b>Target Loss Ratio</b>	(7)	Loss Ratio Rebate Standard		80.00%
	(8)	Credibility Adjustment		1.99%
	(9)	State Premium Taxes		2.38%
	(10)	Federal Income Tax		4.68%
	(11)	Health Insurer Tax		2.40%
	(12)	Transitional Reinsurance Program Fee		2.20%
	(13)	Risk Adjustment Fee		0.03%
	(14)	PCORI Admin Fee		0.08%
	(15)	Other Fees and Assessments		0.91%
	(16)	Total Fees & Assessments	= (9) + (10) + ... + (15)	12.69%
	(17)	Target Loss Ratio	= (7) - (8) - (16)	65.33%
<b>Rate Adjustment</b>	(18)	Calculated Rate Adjustment	= (6) / (17) - 1	115.68%
	(19)	Proposed Rate Increase		45.00%
	(20)	Projected Loss Ratio		97.17%

\* Accumulated Covered Expense Rider (ACE) rate increase development is based on nationwide experience

## Development of Rate Adjustment Based on Trend, Experience and MLR

Wisconsin - MEGA

			Calculation	ACCUMULATED COVERED EXPENSE RIDER - NATIONWIDE
<b>2013 Projection</b>	(1)	Earned Premiums		6,398,865
data through August	(2)	Incurred Claims		7,513,026
	(3)	Loss Ratio	= (2) / (1)	117.41%
<b>2014 Projection</b>	(4)	Earned Premiums		4,751,344
absent Rate Adjustment	(5)	Incurred Claims		6,694,459
	(6)	Loss Ratio	= (5) / (4)	140.90%
<b>Target Loss Ratio</b>	(7)	Loss Ratio Rebate Standard		80.00%
	(8)	Credibility Adjustment		1.99%
	(9)	State Premium Taxes		2.38%
	(10)	Federal Income Tax		4.68%
	(11)	Health Insurer Tax		2.40%
	(12)	Transitional Reinsurance Program Fee		2.20%
	(13)	Risk Adjustment Fee		0.03%
	(14)	PCORI Admin Fee		0.08%
	(15)	Other Fees and Assessments		0.91%
	(16)	Total Fees & Assessments	= (9) + (10) + ... + (15)	12.69%
	(17)	Target Loss Ratio	= (7) - (8) - (16)	65.33%
<b>Rate Adjustment</b>	(18)	Calculated Rate Adjustment	= (6) / (17) - 1	115.68%
	(19)	Proposed Rate Increase		45.00%
	(20)	Projected Loss Ratio		97.17%

\* Accumulated Covered Expense Rider (ACE) rate increase development is based on nationwide experience